

April 18, 2003

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Reply Comments to Federal-State Joint Board on Universal Service, CC Docket 96-45; and CC Dockets 98-171, 90-571, 92-237, 99-200, 95-116, 98-170

Dear Ms. Dortch:

I am writing this letter to reiterate my concern regarding proposed reforms to the contribution methodology for the Universal Service Fund (USF). As I mentioned in my February 27, 2003 letter, the NAACP's principal objective is to ensure the political, educational, social and economic equality for racial and ethnic minority groups of United States and to eliminate race prejudice. The USF has been instrumental in ensuring that all Americans have access to affordable, comprehensive telecommunications services, particularly consumers in high-cost service areas, low-income consumers, schools, libraries and rural health providers.

Presently, telecommunications firms are required to use a percentage of their interstate revenue to support the Universal Service Fund. The fund is used to help compensate telephone companies for providing access to services at reasonable and affordable rates throughout the country, including rural, insular and high cost areas, and to public institutions. Many of the consumers who benefit from the USF are our constituents.

We strongly support the Federal Communications Commission's (FCC) laudable goal of maintaining the viability of the USF. However, the new proposal to shift from a revenue-based system to one based on connections – **meaning USF contributions would be based on a flat monthly connection fee** – raises concerns. Under this proposal, consumers who make few or no interstate calls would be assessed the same as consumers, especially businesses, who make more interstate calls. Low-volume and primarily residential customers could unfairly bear the burden of contributing to the universal service fund. Additionally, studies have concluded that telephone providers who service the low-volume population will be at a competitive disadvantage under a connection-based methodology.

Consumers who utilize products such as pre-paid wireless services could be adversely affected by the connection-based proposals. As the FCC is aware, pre-paid wireless providers service to portions of the African American community, including: low-income users or young people who cannot meet credit or security deposit requirements; migrant and seasonal workers without a permanent address; people who are unwilling to enter into a long-term contractual commitment; senior citizens or public assistance recipients who are on a fixed incomes; individuals who want to control their telephone costs; and women and others who use them primarily for emergency or security purposes among others. The connection-based methodology would significantly raise the cost of this particular type of telephone service at the expense of consumers such as those mentioned above.

I urge the FCC to carefully weigh the impact of any intended reforms to the universal service funding methodology to our nation's most vulnerable as we work together to find better ways to increase funding to such a valuable program.

If there is anything I can do to help advance this process, I can be reached by telephone at (202) 638-2269.

Sincerely,

/s/

Hilary O. Shelton
Director